low.) As regards maintaining the preeminence of cotton as envisaged in the Textile Policy of Government of India, Government have constituted a Committee under the Chairmanship of Shri Abid Hussain, Member, Planning Commission, to review the progrss of implementation of the Textile Policy. 1985 and k> assess as to how it has affected Ihe various sector of the textile economy. The Committee is expected to make an assessment *huer-alia* whether the pre-eminent role of cotton as the main raw material of the Textile Industry has been maintained.

**Statement**

1. Extra quotas for certain categories of handloom garments have been obtained in the bilateral textile agreement of India with EEC and USA for the preiod 1987—91 which will increase the export possibilities in these regions.

2. Revised rates of CCS have bc:n announced effective from lst July, 1986. These rates have been announced for a period of three years and are generaly higher than before.

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3. The number of days of pre-shipment credit has been increased from 90 days to 180 days. The rate of interest has also been reduced by 2.5 per cent.

4. Many items of raw materialjfabrics are permitted to be imported under Duty Free REP Scheme and the Import-Export Pass Book Scheme.

5. The scope of Advance Licensing and Pass Book Schemes has been widened and procedures simplified.

6. Under 100 per cent Export Oriented Units and Free Trade Zones Scheme, facilities for liberal import of capital goods and raw material^ alongwith many other concessions are given.

7. Government has been giving liberal assistance for sponsoring and funding promotional activities such as market studies, buyer-seller meets, ftarticipation in international fairs and exhibitions.

8. The agency Commision has been increased and rules for Mai ket permissici. for foreign exchange have been substatt' tially liberalised.

Losses in Rural Banks

3541. SHRI ARANGIL SREEDHARAN: Will the Minister of FINANCE be pleased to state:

(a) whether rural banks are running in loss at present;

(b) if so, what are the reasons there for; and

(c) what measures Government have taken to reduce the losses in these bank? ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FIN ANCE (SHRI EDUARDO FALEIRO): (a) NABARD have reported that out of 196 regional rural banks in the country, 151 banks increased los during th; year 1987.

(b) The main reason for the losse'-, sustaind by rgional rural banks are summarised below:—

(i) RapSI branch expansion.

(ii) Low business potential at the centres served by them.

(iii) Increase in the establishment cost due to upward revision of salary and allowances.

(iv) Overall decrease in margin duc to upward revision in the interest rates on deposits on the one hand and downward revision of lending rates on the other.

(v) Lending restricted to the weaker sections of the society,

(vi) High servicing cost per account advances.

(c) On the basis of the recommenda tions of fhe Working Group on RRBs (Kelkar Committee) following measures

have been taken to reduce losses and strengthen Regional Rural Banks financially:—

(i) Share Capital of each RRB is raised from Rs. 25 lakhs to Rs. One crore in a phased manner.

(ii) Rate of interest on refinance from the Sponsor Bank, has been reduced from 8.5 per cent to 7 per cent.

(iii) Regional Rural Banks have been enabled to invest SLR funds in Government Securities of higher yield.

**Mounting overdues in Agricultural Finance**

3542. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to state;

(a) whether Government are aware of the recent trends in agricultural finance showing mounting overdues;

(b) if so, what are the total bank loans overdue at present in regard to agricultural finance; and

(c) what steps are being taken to recover these dues?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b) The position regarding recovery, overdues etc. in respect of direct agricultural advances tor all-Indiar, Scheduled Commercial Banks for the past 3 years is as under:—

(Amount in crores of Rs.)

| Year ended June | Demand | Recovery | Overdues | Percentage of overdues to demand |
|---|---|---|---|---|
| 1985 | 3424 | 1856 | 1568 | 45.8 |
| 1986 | 4017 | 2274 | 1743 | fl[43.4 |
| (987 | 4592 | 2622 | 1970 | 42.9 |

Although overdues are increasing in absolute terms their percentage to total annual demand is showing a downward trend.

(c) In order to improve the recovery of overdues, banks have been advised to take measures like strengthening of the organisational structure, adopting of schematic appraisal systems, post lending supervision and launching of recovery drives with the help of State Government. Banks have also been advised to create separate 'Recovery Cell' for a cluster of nearby branches for continuous and effective supervision. As a last resort, legal action is also taken against wilful defaulters for recovery of outstanding overdues.

**Foreign exchange spent on Automobiles and Electronic Industry**

3543. SHRI RAJNI RANJAN SAHU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that .total foreign exchange spent annually on imports for automobile and electronic industry is of the tune of Rs. 1200 crores to Rs. 1500 crores; and

(b) if so, what steps ,-ave been taken by Government to cut down this huge foreign exchange spending?